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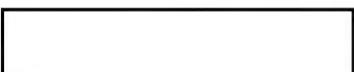
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Efforts to improve relations with its neighbors and promote Arab cooperation are likely to strengthen Iraq in its rivalry with Egypt for Arab leadership and will help make the Arab states a stronger bloc.

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THE SOVIET WORLD

The removal of men connected with Beria continues in the Soviet Union. In Georgia, where Beria's influence was particularly strong, seven of his followers were castigated as "strangers to the party and suspicious characters" whom he had infiltrated into key positions in the MVD because of their personal loyalty. Two of them, V. G. Dekanozov, who became Georgian MVD minister in the April 1953 reorganization, and S. S. Mamulov, who was made a member of the Georgian party buro at the same time, were stripped of their positions and expelled from the party.

T. A. Strokach, the Ukrainian MVD minister before Stalin's death, has replaced P. Y. Meshik, who apparently was appointed by Beria in April. In Azerbaijan, a plenum of the central committee deposed M. D. A. Bagirov as chairman of the Council of Ministers and as member of the party buro. It is probable that Bagirov, who, like Beria, missed the opera on 27 June, has also lost his position on the All-Union party presidium.

While neither Meshik nor Bagirov was linked with Beria in the propaganda explaining their removal, both had had Beria connections. Their comparatively quiet removal suggests the possibility that instead of public show trials involving scores of persons, the purges will be limited to a few high officials and perhaps extend over a long period of time. Such a technique would be consonant with the other moderate tactics of the new government.

Speculation that V. A. Malyshev had been purged ended when he was reported on 17 July as heading the newly established Ministry of Medium Machine Building. Although the activities of this ministry have not yet been specified, a ministry of the same name existed from 1939 to 1941 and included the automobile and tractor industry, agricultural machinery, and transport machinery.

Moscow continues to pursue its policy of reconciliation with countries bordering the Soviet Orbit and has now moved to resume normal diplomatic relations with Greece. The 20 July announcement that the USSR and Israel have agreed to resume diplomatic relations, broken off 12 February after the bombing of the Soviet legation in Tel Aviv, is in line with Moscow's reversal of the anti-Zionist campaign which was vigorously pressed during the last months of Stalin's life. The new Soviet ambassador to Belgrade arrived 21 July and last week Hungary, following the lead of Rumania and Bulgaria, agreed to establish a joint border commission with Yugoslavia.

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The 15 July announcement that the USSR will grant \$1,000,000 and lend the services of Soviet experts to the UN technical assistance program was followed two days later by a Polish offer to contribute \$75,000 to this program. This sudden reversal of the bloc's previous attitude reflects Moscow's current interest in expanding its international contacts and presenting a conciliatory front.

In recent weeks, the USSR signed agreements virtually tripling trade with France, doubling trade with Denmark, and greatly expanding trade with Greece and Iran. It is about to sign a large trade agreement with Argentina, with which there has been no Soviet trade since 1947. Moreover, the USSR is arranging to purchase large quantities of food products outside of these trade agreements. These new arrangements are primarily the result of the Kremlin's new willingness to import increased quantities of consumer goods in exchange for its grain, timber, petroleum, coal, manganese, platinum, and chrome ores.

The Kremlin's new stress on consumer goods appears to be continuing. A 23 percent increase in the sale of consumer goods was reported in the second quarter of 1953 over the same period last year.

Additional signs of conciliatory policies in the Satellites since the announcement of Beria's ouster have been noted only in Rumania and Hungary. However, Rakosi's speech on 11 July retreated somewhat from the new program outlined a week earlier by Premier Nagy, and subsequent editorials clearly suggest that the government's former policies will be only slightly moderated.

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PROBABLE OUTCOME OF TALKS BETWEEN INDIAN AND PAKISTANI PRIME MINISTERS

In the conversations to be held in Karachi between 25 and 28 July, the prime ministers of India and Pakistan will seek solution of a number of outstanding disputes between the two countries.

Hopes have been raised by the moderate attitudes recently displayed by both prime ministers in London and by the conciliatory statements and actions of India and Pakistan during the past few months. It is unlikely, however, that any real progress on major issues will be made at this time, though a number of relatively unimportant matters concerning trade, travel, and the treatment of minorities may be settled.

Kashmir is the only important political dispute to be discussed by Prime Ministers Nehru and Mohammad Ali. This issue has defied solution by the United Nations for over five years. It is now open to four possible approaches to bilateral settlement.

The first of these is an over-all plebiscite, to which both countries have long since agreed but which several UN negotiators have failed to bring about, largely because of India's unwillingness to accept any terms but its own. At present, there appears to be no political, economic, or military pressure on India sufficiently strong to force it to alter its stand.

A second possibility is partition along the present cease-fire line, giving India three fourths of the state, including the Vale, and leaving Pakistan the western quarter. To accept this solution, Pakistan would have to relinquish its entire legal and moral position in Kashmir and abandon the Moslem majority of the state's population to India. Mohammad Ali's new, unproved government cannot now afford this alternative.

A third alternative is independence for all or part of Kashmir. This would be unacceptable to both India and Pakistan since each country would lose the territory it now holds, neither country would trust the independent government, both countries probably recognize that they would inevitably compete for supremacy over the economically unviable state they had created, and neither country would desire to relinquish the defense of borders adjacent to Sinkiang and Tibet.

The final choice is partition, with a plebiscite in the Vale of Kashmir, the area most in dispute. To this, Pakistan has already grudgingly agreed during earlier UN negotiations. Nehru probably cannot accept this choice at present because of growing uncertainty regarding his ability to control political conditions in Kashmir and to withstand the expected reaction from opposition elements in both Kashmir and India if he makes a basic concession of this nature.

Serious consideration of the canal waters dispute, which in early 1953 was alleged to be more likely than Kashmir to lead to war, will probably be deferred to a later date pending submission of a report by an International Bank mission which has recently made a field study of the problem. This quarrel involves Indian diversion of waters rising in Indian territory but flowing into Pakistani irrigation canals.

Other major items on the agenda will be mainly financial. They deal with problems which arose in 1947 when India was partitioned, and concern the division of the debts and assets of British India. Like Kashmir, they have defied solution for over five years.

Chief among these problems is Pakistan's share of the national debt of British India. At the time of partition, it was agreed that the new India would undertake payment of Pakistan's share of the debt for five years. In 1952, Pakistan was to start repaying India in 50 annual installments which would total about \$1,000,000,000 when completed. Pakistan budgeted about \$17,000,000 for this purpose in fiscal year 1952-53 but failed to make payment because of the economic crisis then facing it. Since Pakistan is still in the throes of a serious financial situation, Mohammad Ali probably cannot afford to promise payment at this time.

Another difficult problem is agreement on the value of refugee property left in each country by the 10,000,000 persons who abandoned their homes during the migrations, massacres, and riots following partition. India maintains that Moslem property in India is worth about \$200,000,000, and that Hindu property left in Pakistan is worth roughly \$1,000,000,000. Pakistan questions the validity of these figures, and it is highly unlikely that the two prime ministers can reach agreement on the basic statistics involved.

A third typical disagreement concerns Reserve Bank of India note issues held by the State Bank of Pakistan. In 1948, India agreed to reimburse Pakistan upon return of these notes

and did so until early 1949. At that time India ceased payment, leaving, according to Pakistan, an unpaid debt of about \$100,000,000. India insists the notes now held by Pakistan were issued subsequent to the date of the agreement and are a foreign exchange issue rather than one of division of assets of the Reserve Bank as Pakistan insists. Nehru and Mohammad Ali are unlikely to resolve the fundamental disagreement as to the nature of the notes.

In view of the advance publicity given to the forthcoming talks, however, the two prime ministers will probably feel obligated to make certain concessions to each other to avoid the onus for a complete breakdown of the conversations. These will almost certainly be in the fields of trade, travel and treatment of minorities, subjects subsidiary to the major issues under discussion.

The probable nature of the concessions has already been indicated by India, which in mid-July belatedly ratified a passport agreement signed in February 1953 and ratified shortly thereafter by Pakistan. India also announced on 17 July the reopening of three land routes into West Pakistan, which it had closed during a temporary war scare in mid-1951.

Such concessions cannot eliminate the animosity caused by more important disputes. It therefore appears that an agreement to continue conversations in New Delhi at a later date may be the most significant result of the meeting.

THE 1953 FOOD SUPPLY AND CROP PROSPECTS IN
EASTERN EUROPE

The serious food shortages in several of the Satellite countries are being eased at least temporarily by government measures and current harvests. The 1953 preliminary estimate for grains and vegetable production is larger than 1952; however, it is short of average postwar production. Consequently, there will be difficulty during the year ahead in stretching food supplies to cover increased internal requirements and important export and stockpiling programs.

All of Eastern Europe except Bulgaria and Poland has been suffering from a tight food supply during the past year. In Rumania, Hungary and Albania, people in some rural areas probably have been on near-starvation diets this spring and summer. In most areas, such items as wheat flour, dairy products, sugar and edible fats and oils have been difficult to find and high-priced when available. Recently, meat has become scarce in some regions.

The Czech minister of bulk buying complained in mid-July that a grave food situation is arising from the failure of Slovak peasants to meet delivery quotas in meat, milk, eggs, vegetables and fruits. Although bad weather was to blame for the short 1952 crop, the Communists' harsh and poorly managed agricultural programs aggravated the present shortages and increased discontent, particularly in Rumania, Hungary and East Germany.

During the past month, these three countries reached into stockpiles to put larger quantities of scarce food items on sale in the cities, in some cases at reduced prices. There is as yet no indication whether food has been distributed to rural areas where the shortages have been most serious. At the same time all three governments, as well as Albania, have relaxed their harsh treatment of independent and collectivized peasants and promised further concessions in a move designed to encourage increased agricultural production.

Because of last year's short crops the Satellite regimes are especially anxious to get maximum agricultural production in 1953. Preliminary analysis of weather information available as of 1 July, however, indicates that despite some propaganda claims, this will not be a bumper year for Satellite agriculture. Compared to average postwar production,

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winter-sown wheat and rye are expected to fall slightly short, and the spring-sown wheat, rye, barley and possibly corn production appears certain to be below normal. Both unfavorable weather and peasant apathy are responsible. Vegetable crop yields, particularly potatoes, may be down considerably in the northern Satellites.

Granted a near average production of bread grains and vegetables, the Satellite governments would be able to alleviate food shortages temporarily, even to the extent of supplying increased internal demands brought about by their own relaxation measures. On the other hand, the grain production will not be large enough to cover annual export requirements as well if the Orbit continues to place importance on expanding trade with Western Europe during the year ahead, and at the same time replenishing stockpiles. Unless meat, fats and oils are imported, those commodities will continue to be scarce during 1953-54.

There is a possible source of relief for the food problems which may confront Satellite leaders during 1954. The 1952 crop in the USSR was the largest since the war, and the 1953 harvest is expected to equal it. Soviet grain and other foodstuffs might be lent to some of the Satellites to be used either for internal consumption or to cover high-priority export requirements.

This past year, the USSR supplied additional grain to East Germany and Czechoslovakia for internal consumption, but supplied Rumania and Hungary only with grain for use as seed and for meeting small trade commitments to Austria. On 21 July, the East German government announced that the USSR had promised to supply an additional \$57,000,000 worth of food in exchange for manufactured goods. The arrangement clearly was prompted by American gift offers of food.

If Soviet assistance to Rumania and Hungary is not forthcoming, they may have to make adjustments in one or more of the plans to increase internal food supplies at lower prices, to expand food exports to the West in exchange for industrial equipment and raw materials, and to stockpile.

For the coming year, it is expected, Poland's chronic but not severe shortages in some foodstuffs will continue. Bulgaria will continue to be relatively self-sufficient in basic foodstuffs and capable of exporting some surplus. The USSR will probably continue to make up Czechoslovakia's and East Germany's grain deficits in exchange for manufactured goods, and to supply grain to Albania at a loss.

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AUSTRIAN FOREIGN MINISTER'S MANEUVERS UNDERMINE WESTERN TREATY TACTICS

Foreign Minister Gruber's recent maneuvers to force progress toward a state treaty may have irreparably compromised Austria's stand on important treaty issues and seriously complicated the West's position for future four-power negotiations. His independent approach, evident particularly since the failure of the West's attempt on 27 May to resume Allied-Soviet treaty talks, has been encouraged by recent Soviet maneuvers.

Shortly after the Allies' 12 June notes asking the Soviet Union to submit the text of a treaty it would sign, Gruber independently attempted to obtain a "clarification" of Soviet views. Without consulting the Western powers, he instructed the Austrian charge in Moscow to approach Foreign Minister Molotov. These instructions exposed Austria's willingness, contrary to the Western position, to make a deal for release of Soviet-held properties.

Gruber's effort was apparently stimulated by the 10 June Soviet offer to relinquish the large, unfinished Ybbs-Persenbeug hydroelectric project to Austrian control and to furnish part of the capital for its completion. An agreement signed on 17 June stipulates that Austrian payment for this property be included under the controversial Article 35 of the long draft treaty, covering the disposition of former German assets. Western officials had feared that any implication of Austrian agreement to this article could seriously impede their efforts to negotiate better terms.

Gruber's meeting with Indian Prime Minister Nehru on the week end of 21 June was also undertaken without prior consultation with the Western powers. Apparently without the knowledge of his own ministry and with only the vaguest general concurrence of Chancellor Raab, he asked Nehru to mediate the Austrian treaty question.

Although well aware of the West's opposition to "buying" a treaty with Austrian neutrality, Gruber admittedly discussed this question with Nehru. Molotov subsequently told the Indian ambassador in Moscow that the USSR would not be satisfied with a mere declaration of Austrian neutrality prior to the signing of a treaty.

Gruber's activities have been strongly criticized by the Socialists in the Vienna coalition government and have been a source of embarrassment to Chancellor Raab. They have had the effect of undermining agreed Western treaty tactics, and may have convinced the Kremlin that the Austrians themselves will eventually press the West to accept most or all of the Soviet terms.

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FRANCE APPROACHING REALISTIC DECISIONS ON INDOCHINA

Despite the pressure of important elements in the cabinet for negotiations leading to a withdrawal from Indochina, French policy in the ensuing months will probably be based on broad political concessions to the Associated States, coupled with efforts to implement General Navarre's plan for stepped-up military operations.

Deputy Premier Reynaud's plan for broad concessions in the spirit of the 3 July notes to the Associated States has received the support of Premier Laniel and other government leaders, as well as of French authorities in Indochina. Negotiations with the Viet Minh are unfeasible as long as the French military position is too weak to give France bargaining power or the Communists reason to want a truce.

Although both Reynaud and Defense Minister Pleven oppose Navarre's request for two new French divisions, political agitation over sending conscripts to an active theater probably can be avoided by drawing on regular army personnel now stationed outside Metropolitan France. In North Africa there are three times the forces the French military considers necessary for internal security, and a considerable part of Navarre's requirements could be drawn from units there which are now earmarked for NATO. Although this would further hamper the French training program and delay NATO plans, the desire to keep ahead of Germany's prospective military build-up now appears less pressing than the desire to solve the problem of Indochina.

Reynaud, however, has been reluctant to ask for any greater exertion on the part of France, insisting that the Associated States accept more responsibility. He considers Navarre's military plan "unrealistic" because it calls for additional French troops to supplement an increased effort by the native states, particularly Vietnam.

Continued popular and parliamentary support for the war depends on maintenance of the French Union concept. The French people, generally unaware that the functionaries in Indochina have lagged in carrying out concessions accepted by Paris, are bewildered by the recent demands of the Associated States for complete independence. These demands, added to the financial strain on the French economy, have intensified pressure for a solution, and there may be a formal demand in the assembly this fall for early withdrawal.

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In any event, the demand for negotiations with Ho Chi Minh or the Chinese Communists will probably be appreciably greater following a truce in Korea. The fall of the Laniel government, increasing the chances of a shift to a left-center government, would strengthen the influence of those willing to withdraw from Indochina at any cost. Additional spectacular military successes like the Lang Son raid would tend temporarily to check this trend.

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IRAQ PROMOTES ARAB UNITY

Iraq is currently trying to improve relations with Saudi Arabia, Jordan and Syria and to promote closer Arab cooperation on military, political, economic and social problems. These efforts are likely to strengthen Iraq in its rivalry with Egypt for area leadership and, by advancing common aspirations, promise to make the Arab states a stronger bloc.

In the triangular pattern of Arab politics, Egypt is the recognized leader and Iraq an untiring contender; the balance of power is held by Saudi Arabia, which traditionally opposes Iraqi expansionism. The other Arab states group themselves on the basis of the personalities in power and current maneuvers for Arab unification. Syria and Jordan are now tied to Saudi Arabia; Lebanon, seeking friendship with all, enjoys cordial relations with Iraq.

Iraq's isolation, particularly marked since mid-1951, arose from opposition to its plans for the re-establishment of an "Arab nation," specifically the unification of all or part of the Fertile Crescent--Syria, Lebanon, Jordan, Arab Palestine and Iraq. Prior to King Faisal II's accession to the Iraqi throne on 2 May 1953, there were strong suspicions that Iraq was planning federation with Jordan, the absorption of Kuwait, and the subversion of the Syrian government. None of these events materialized, probably because Iraq recognized the strength of Arab and Western opposition. Instead it turned its efforts to making friends of its neighbors.

Iraq and Jordan apparently initiated an era of good feeling on 2 May when their 18-year old kings, Faisal in Iraq and Hussain in Jordan, assumed royal powers. In June these kings and their advisers held detailed discussions in Baghdad on Iraqi-Jordanian economic collaboration and reportedly reached agreement on specific projects.

Iraq, having concluded unprecedented discussions with Saudi Arabia on oil prices, is also reported ready to consult the Saudis on joint financing of Jordanian developments. As a further sign of an Iraqi-Saudi Arabian rapprochement, the former regent of Iraq has allegedly accepted an invitation to visit Saudi Arabia.

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Iraqi opposition to Syrian dictator Shishakli, who formally seized power in 1951 to forestall a Syrian-Iraqi union, was officially ended on 3 December 1952, when an Iraqi delegation attended the celebration of Shishakli's first year in power. Iraq has since publicly made several conciliatory gestures, and official relations have improved, but privately many Iraqi leaders continue to dislike the Shishakli regime.

Because of long-standing Saudi suspicions, Syrian coldness, and personal ill-will between top Jordanians and Iraqis, this improvement in Iraq's foreign relations is by no means complete. Nevertheless, the beginning of the change receives added significance from the fact that it occurs at a time when Egypt's popularity is diminished because of its breach of the Arab-proposed boycott of West Germany, its abolition of the monarchy, its suspected willingness to make a separate peace with Israel, and the delay in area defense planning for which Egypt is blamed.

The likelihood that Iraq will be successful in its efforts is increased by the fact that it is promoting schemes leading to cooperation without the violation of sovereignty. Success would give Iraq a stronger position in a more cohesive Fertile Crescent, which in turn would be strengthened in its relations with other parts of the Arab world.

The Arab area is affected by the memory of medieval greatness, but is frustrated by its present weaknesses and is resentful of the existence of Israel and Western interference. It is laboriously seeking closer unity and strength through multitudinous schemes for such objectives as an Arab army and development bank, a pan-Arab highway and Arab pharmaceutical standards. Eventually these efforts may bear fruit, developing in the Arab states a new internal solidarity.

This solidarity--on which Iraq is very vocal--is important for Israel, which is fearful of any increase in Arab strength. It is particularly significant for the West, whose strategic and economic interests in the Middle East depend largely on Arab cooperation.